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SECURITY INFORMATION

C E N T R A L I N T E L L I G E N C E A G E N C Y

7 November 1951

SUBJECT: TERMS OF REFERENCE: NIE-50: THE CURRENT SITUATION
AND PROBABLE DEVELOPMENTS IN EASTERN GERMANY
THROUGH 1952

THE PROBLEM

To estimate the current situation and probable political,
economic and military developments in Eastern Germany through
1952.

ASSUMPTIONS

1. That there will not be general war within the period
of the estimate.
2. That the rearmament of Western Germany and the inte-
gration of Western Germany into the Atlantic community will
begin within the period of the estimate.

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I. THE CURRENT POLITICAL SITUATION AND PROBABLE POLITICAL DEVELOPMENTS

A. The Position of the Regime

1. What is the present political organization of Eastern Germany?
2. What degree of popular support does the present government enjoy and in what groups and areas does that support reside? Has this popular support increased or decreased since 1949? Could the present government remain in power if all or a part of the Soviet forces stationed in Eastern Germany were withdrawn?
3. Which groups of Eastern Germans are especially susceptible to the present regime's program (e.g., women, former Nazis, religious groups, industrial workers)?
4. How effective has the regime been in winning the active support of the Eastern German youth for its program and policies?
5. With what effectiveness have the Eastern German regime and the Kremlin succeeded in recruiting and training skilled and reliable Eastern German

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administrators? Has the SED shown the capability of attracting potential leaders?

6. Which political parties or groups are still allowed legal existence? What connections do these groups maintain with political organizations in Western Germany and what is the significance of these relations?
7. Do the present Eastern German Communist leaders have influence over Soviet policy in Eastern Germany, in Germany as a whole, or in Europe as a whole?
8. Do Eastern German Communist leaders have more or less power, influence, and prestige within the Orbit than the leaders of other Satellites? Is there evidence that German technicians, administrators, and officers are being assigned roles in other Satellite countries?
9. What is the present degree of Soviet control and with what instruments and techniques is it exercised?
10. Is it likely that the Kremlin's ability to assure the stability and loyalty of the present regime will be shaken?

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B. Issues and Forces Affecting the Regime

1. Handicaps resulting from Soviet control.

- a. How effective have the Kremlin and this Satellite regime been in coping with traditional attitudes and issues which in the past have created hostility in Germany towards Russia and the USSR?
- b. How effective have the Kremlin and this Satellite regime been in controlling dissatisfaction among the Communists and among the population generally in Eastern Germany because of more recent decisions: the transfer of the territory east of the Oder-Neisse to Polish and Soviet sovereignty; the failure of the USSR to return all German prisoners; the elimination or frustration of opposition parties; reparations; general Soviet exploitation of Eastern Germany?

2. Berlin and Western Germany

- a. What is the effect in Eastern Germany of the presence of Allied forces in Berlin and of greater freedom in the Allied sectors of Berlin?

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- b. What will be the effect on Soviet control and on Soviet ability to exploit Eastern Germany of each of the following?
 - i. The beginning of Western German rearmament.
 - ii. The growing integration of Western Germany into the Atlantic community.
 - iii. A change of the present balance of forces in Europe.

3. The Unity Issue.

- a. What has been the effect in Eastern Germany of the campaign for German unity?
- b. What is the evidence, pro and con, of the likelihood that the Kremlin will relax in any way, or surrender, its present control over Eastern Germany in order to hamper or prevent the Western program for the rearmament of Western Germany and the integration of Western Germany into the Atlantic community?
- c. Is there evidence that the USSR will conclude a unilateral peace treaty with Eastern Germany? What are the advantages and disadvantages to the USSR of such a treaty?

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- d. What actions could the Kremlin take to influence the West and Western Germany on the issue of German unity which would not involve weakening Kremlin control over Eastern Germany?
- 4. Popular Discontent.
 - a. How strong, well-organized, and effective is sympathy for the West in Eastern Germany?
 - b. In which groups and areas is discontent centered? Are any religious or other groups of especial significance as foci of potential opposition?
 - c. To what extent is this discontent easily manageable by the regime?

II. THE CURRENT ECONOMIC SITUATION AND PROBABLE ECONOMIC DEVELOPMENTS

A. Economic Resources and Productive Capabilities

- 1. What is the present size of the population of Eastern Germany?
- 2. What are the economic resources and productive capabilities of Eastern Germany, with especial reference to the skills and morale of the population, the trend of population development and

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location, availability of important raw materials, transportation facilities, industrial productive capacity, and principal agricultural and industrial products?

B. The Soviet Program

1. What is the Soviet long-term program for Eastern Germany and what role is Eastern Germany scheduled to play in the Orbit economy?
2. What are the main goals of the present Five Year Plan? Have these goals been revised since they were first announced?
3. What proportion of Eastern Germany's economic resources and productive capabilities are now allocated to each of the following?
 - a. Uncompensated deliveries (reparations and others).
 - b. Production of military equipment for the Orbit.
 - c. Capital investment.
4. Is there any evidence that these proportions will be changed? Are there indications that the capital investment program designed to increase the productive capacity of Eastern Germany has been, or will be, sacrificed or seriously altered to achieve greater immediate war readiness?

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5. Do Soviet long-term and immediate plans for the Eastern German economy provide indications concerning Soviet intentions towards Eastern Germany and towards Germany as a whole?

C. The Organization of the Eastern German Economy

1. Which segments and what proportion of the economy have been nationalized? How are these nationalized industries organized and operated?
2. Which industrial facilities are presently owned by the USSR? How important are the Soviet-owned industries in helping to maintain Soviet control over Eastern Germany and in helping to maintain the flow of Eastern German contributions to the USSR? How are these industries administered?
3. Which segments of the economy remain under private ownership and management? Is there evidence concerning the time at which nationalization of trade and industry is scheduled to be completed?
4. What percentage of arable land has been organized in each of the various types of collective? How significant is the production of these collectives for current Eastern German consumption, for stockpiling, for supply to the Soviet occupying forces,

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for export to other areas of the Orbit, for
export to Western Germany?

5. Is a sharp increase in the rate of collectivization
likely within the period of this estimate?

D. Soviet Economic Benefits

1. What are the principal economic contributions of
Eastern Germany to the Orbit war economy?
2. What Eastern German raw materials or fabricated
products are critical, or even vital, for either
the maintenance or expansion of military production
in (a) the USSR, (b) the remainder of the Orbit,
(c) Western Germany, (d) other areas not under
Soviet control?
3. Which supplies are provided the Soviet forces
stationed in the Satellites by Eastern Germany,
and how significant is this contribution?
4. What finished military equipment does Eastern
Germany manufacture for the USSR, its own armed
forces and the other Satellites, and how sig-
nificant is this contribution?
5. Is the USSR building stockpiles of industrial
materials and equipment in Eastern Germany?

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E. The Foreign Trade Pattern

1. What has been the pattern of Eastern Germany's foreign trade since 1945?
2. What has been the estimated amount of overt and covert trade with Western Germany annually since 1945?
3. What is the significance of East-West trade for the maintenance and expansion of the Eastern German economy?
4. To what degree has the Soviet effort to integrate the Eastern German economy into that of the USSR been a success?

F. Limitations on Eastern Germany's Economic Capabilities

1. What are the principal limitations on the Soviet program to maintain and expand the productive capacity of the Eastern German economy?
2. What are the principal Eastern German vulnerabilities to economic warfare?
3. Which critical raw materials and capital equipment are provided Eastern Germany by the USSR and by the other Soviet Satellites?

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4. Could the USSR provide Eastern Germany with adequate supplies of iron ore should Sweden cease deliveries of its high-grade ore? What would be the economic cost to the USSR of such a shift? How long would Eastern German production of steel be reduced seriously by a shift to lower-grade Soviet ore?
5. Which raw materials, finished equipment, and spare parts are obtainable now only from the West? Which of these are critical and which are vital to the maintenance of the Eastern German economy? To the planned expansion of the economy?
6. Have defections been a serious blow to the Soviet program for Eastern Germany? Which industries have been most seriously harmed? Is the current rate of defection likely to continue?
7. Will a serious manpower shortage be caused by the planned industrial expansion, the creation of an Eastern German army, and continuing defection?
8. Is effective resistance to any future increase in the rate of collectivization likely? Would other

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forces of opposition against the government ally with this resistance to challenge Soviet control over Eastern Germany?

III. THE CURRENT MILITARY SITUATION AND PROBABLE MILITARY DEVELOPMENTS

A. The Eastern German Ground Forces

1. What is the present status -- size, organization, training, morale, reliability, and equipment -- of the Alert Police?
2. Why has the Kremlin been slow in converting this "police force" into an Eastern German army?
3. Are there indications that this "police force," the border guards, and other police units will be reorganized and expanded into a loyal, efficient ground force by the end of 1952? If this operation is undertaken vigorously, how large a ground force could be created by the end of 1952?
4. What has been the effect of the "Peace campaign" and of the attack upon the rearmament of Western Germany upon the morale of the Alert Police?

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